



THE CITY OF SAN DIEGO

*Community Development Block Grant Program (CDBG) - Economic Development Division  
Development Services Department*

# **FY 2014 APPLICATION FISCAL REQUIREMENTS CAPITAL IMPROVEMENT/ MINOR RESIDENTIAL REHABILITATION PROJECTS**



*Community Development Block Grant Program (CDBG) - Economic Development Division  
Development Services Department*

# **CDBG FISCAL ROLES**

## **A. APPLICATION PROCESS**

## **B. CONTRACT / RFR (Request For Reimbursement) PROCESS**

## **C. MONITORING PROCESS**

## **D. TECHNICAL ASSISTANCE**



# **A. APPLICATION PROCESS**

## **GENERAL OVERVIEW**

- Audited Financial Statements and signed Tax documents must be submitted with application for fiscal review.
- 3 Month Cash Rule must be met.
- No advances will be provided.
- Must be financially capable to perform services on reimbursement basis.
- Application fiscal documents to be used in contract process.



# A. APPLICATION PROCESS

## FINANCIAL STATEMENTS

- **UNQUALIFIED** opinion is required.
- Non-Profits: Should be available 5 months from year end to submit.
  - Calendar Year ending Dec 31 – Due by May 31.
  - Fiscal Year ending June 30th – Due by Nov 30.
- Governmental: Should be available 6.5 months from year end.
  - Calendar Year ending Dec 31 – Due by July 15.
  - Fiscal Year ending June 30<sup>th</sup> – Due by January 15.



# A. APPLICATION PROCESS

## SINGLE AUDIT (if applicable)

Must be included with application  
for fiscal review

- **UNQUALIFIED** opinion is required.
- Required by the Federal Office of Management and Budget (OMB) who oversees the audit of federal funding.
- OMB Circular A-133 states that all agencies that **expended more than \$500,000** in **all Federal** funding for the year are required to submit a Federal Single Audit Package to be completed with the agency's audited financial statements for the most recent year end.



# A. APPLICATION PROCESS

## SINGLE AUDIT Continued...

- Schedule of Expenditure of Federal awards; included as a supplemental report.
- HUD requires separate Single Audit disclosure for CDBG.
  - Catalogue of Federal Domestic Assistance (CFDA).

### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2010

#### Community Development:

Supportive Housing Program	14.235	67,256
Housing Opportunities for Persons with AIDS	14.241	38,659

#### City of Oceanside:

Community Development Block Grant	14.218	15,000
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#### City of San Diego:

Community Development Block Grant	14.218	205,500
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#### City of Chula Vista:

Community Development Block Grant	14.218	1,452,797
Total Pass-Through Programs		<u>2,047,835</u>

Total Expenditures of Federal Awards

\$ 6,334,541



# A. APPLICATION PROCESS

## TAX DOCUMENTS

- For all non-profit agencies. (NO EXCEPTIONS)
  - Fully signed copy of Federal 990 form.
  - Fully signed copy of State 199 form.
  - By Law should be available 4.5 months from year end to submit.
  - Example:
    - Calendar Year ending Dec 31 – Due by mid May.
    - Fiscal Year ending June 30<sup>th</sup> – Due by mid Nov.
- For all governmental agencies.
  - N/A.



# A. APPLICATION PROCESS

## Financial Document Requirement

### FY/CY 2012 Required for

### Application Submittal and Contract Execution

	Audited FY 2012 Financial Statements (see below regarding alternative)
	FY 2012 Single Audit Report (only required of applicants that are non-governmental agencies that <u>spent \$500,000 or more in federal funds during FY2012</u> ; see below regarding alternative)
	Signed Copy of FY 2012 <a href="#">Federal Tax Form 990</a> (see below regarding alternative)
	Signed Copy of FY 2012 <a href="#">State Tax Form 199</a> (see below regarding alternative)

### FY/CY 2011 Alternative for Application Submittal

*If audited FY 2012 Financial Statements and Tax Forms 990 and 199 are not available at the time this application is due, identify the last date of your agency's fiscal year during calendar year 2012 here \_\_\_\_\_ AND submit the FY 2011 documents as noted below. **Note that, if your project is selected for funding, you will be required to submit the FY 2012 documents on or before 05/15/2013. The allocation reserved for your project will be assigned to another project if this deadline is not met. No exceptions will be made.***

	Acknowledgement regarding Reallocation of Awarded Funds if FY 2012 Audited Financial Statements, Tax Forms 990 and 199 and, as applicable, Audited FY 2012 Single Audit are not submitted by 05/15/2013.
	Audited FY 2011 Financial Statements
	FY 2011 Single Audit Report (only required of applicants that are non-governmental agencies that <u>spent \$500,000 or more in federal funds during FY 2011</u> )
	Signed Copy of FY 2011 <a href="#">Federal Tax Form 990</a>
	Signed Copy of FY 2011 <a href="#">State Tax Form 199</a>





# A. APPLICATION PROCESS

## Sarbanes-Oxley (SOX)

- Federal Audit and SEC requirement for publicly traded companies.
  - Liability for misstatements and undisclosed financial information is with the CEO or equivalent signatory determined by Agency's Board.
    - Fraud.
    - Ethics violations.
    - Misuse of federal funds.
- The Sarbanes-Oxley Act and Implications for Nonprofit Organizations Website.
  - <http://www.sox-online.com/nonprofits.html>



# A. APPLICATION PROCESS

## Cash Flow Determination

- The financial documents, single audit and tax forms are used to determine the agency's **cash flow**.
- 3 months of cash or cash equivalents is required.
  - Cash Equivalents in accordance to GAAP (Generally Accepted Accounting Principles) is:
    - Short Term (3 months or less).
    - Highly Liquid Investments.
    - Treasury bills, commercial paper & money market funds.

**Note: Accounts Receivables/Lines of credit are not considered cash.**



# **A. APPLICATION PROCESS**

## **3 Month Cash Rule**

- 3 months of cash required based on the amount of funds requested:
  - 1<sup>st</sup> month to spend funds.
  - 2<sup>nd</sup> month to prepare reports to submit for reimbursement with supporting documentation.
  - 3<sup>rd</sup> month: completion of review and processing reimbursement.



Community Development Block Grant Program (CDBG) - Economic Development Division  
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# A. APPLICATION PROCESS

## Single Project Request Example

### THREE MONTH CASH RULE TEST

Balance Sheet - Audited Financial Statements.

FY 2012 CY          Page # 12

Document must be attached to Application

#### Enter Agency Cash Balance

(Cash cannot include Investments or Receivables)

100,000

#### A. Multiply Agency Cash Balance by 4 = Cash available for project(s)

400,000

List the amount of FY 2014 CDBG funding applied for this application.

145,831

List the amount of FY 2014 CDBG funding applied for any other application.

List the amount of FY 2014 CDBG funding applied for any other application.

#### B. Sum all the amounts for FY 2014 CDBG funding request(s)

145,831

#### Compare Agency Cash Balance Available (Item A) with Total FY 2014 CDBG Funding Request (Item B):

Item A 400,000

Item B 145,831

Difference 254,169

#### Analyze Results

1- If difference is a positive amount or equals \$0, the Agency is eligible to apply.

2- If difference is a negative amount, the Agency has the options below:

The Agency can adjust any of the FY 2014 CDBG requested amount(s) to result in a positive or \$0 balance, as long as:

A) EACH PROJECT MEETS THE MINIMUM REQUIRED AMOUNT FOR EACH OF THE APPLICATIONS, AND  
B) CASH AVAILABLE FOR PROJECTS IS NOW GREATER THAN OR EQUAL TO THE TOTAL FY 2014 CDBG FUNDING REQUEST.



Community Development Block Grant Program (CDBG) - Economic Development Division  
Development Services Department

# A. APPLICATION PROCESS

## Multiple Project Request Example

### THREE MONTH CASH RULE TEST

#### Balance Sheet - Audited Financial Statements.

FY \_\_\_\_\_ 2012 CY \_\_\_\_\_ Page # 12

Document must be attached to Application

#### Enter Agency Cash Balance

(Cash cannot include Investments or Receivables)

100,000

#### A. Multiply Agency Cash Balance by 4 = Cash available for project(s)

400,000

List the amount of FY 2014 CDBG funding applied for this application.

145,831

List the amount of FY 2014 CDBG funding applied for any other application.

90,000

List the amount of FY 2014 CDBG funding applied for any other application.

#### B. Sum all the amounts for FY 2014 CDBG funding request(s)

235,831

#### Compare Agency Cash Balance Available (Item A) with Total FY 2014 CDBG Funding Request (Item B):

Item A 400,000

Item B 235,831

Difference 164,169

#### Analyze Results

1- If difference is a positive amount or equals \$0, the Agency is eligible to apply.

2- If difference is a negative amount, the Agency has the options below:

The Agency can adjust any of the FY 2014 CDBG requested amount(s) to result in a positive or \$0 balance, as long as:

A) EACH PROJECT MEETS THE MINIMUM REQUIRED AMOUNT FOR EACH OF THE APPLICATIONS,  
AND

B) CASH AVAILABLE FOR PROJECTS IS NOW GREATER THAN OR EQUAL TO THE TOTAL FY 2014 CDBG FUNDING REQUEST.



*Development Services Department*

# Budget Review

## FUNDING REQUEST

Total funding requested in this application:	<b>145,831</b>	Other funds already secured for project:	1,213,447
Total cost to complete project:	<b>1,618,334</b>	Other funds not yet secured for project:	259,056

**Secured Funding 1,213,447**

**Unsecured Funding 404,887**

## LIST OF ALL FUNDING SOURCES FOR THE PROJECT

LIST OF ALL FUNDING SOURCES FOR THE PROJECT	AMOUNT SECURED	AMOUNT UNSECURED	% OF TOTAL
FY 2014 CDBG Application Request from City of San Diego (Step 1)		\$145,831	9.01%

**List Other Sources Below: (Step 2)**

HOME			0.00%
ESG			0.00%
HOPWA			0.00%
CDBG-R			0.00%
NSP			0.00%
HPRP			0.00%
Other Federal Stimulus Funds	\$559,469		34.57%
Other Federal Funds			0.00%
San Diego Housing Commission			0.00%
State Funds	\$193,425		11.95%
County Funds	\$460,553		28.46%
Local Funds			0.00%
Private Funds		\$259,056	16.01%
Agency Funds			0.00%
			0.00%
			0.00%
			0.00%
			0.00%
			0.00%
			0.00%
			0.00%
			0.00%
			0.00%
			0.00%
			0.00%
			0.00%
TOTAL	\$1,213,447	\$404,887	100%

<b>TOTAL PROJECT BUDGET</b>	<b>\$1,618,334</b>
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*Development Services Department*

# CIP Budget Review

## BUDGET EXHIBIT

BUDGET EXHIBIT		CDBG	Percentage
LEAD-BASED PAINT ASSESSMENT/ ABATEMENT	(Schedule 2)		
CONSTRUCTION/RENOVATION	(Schedule 2)	143,831	
CONSULTANT/PROFESSIONAL SERVICES	(Schedule 2)		
CONSTRUCTION MANAGEMENT	(Schedule 2)	2,000	<b>1.96%</b>
<i>[Construction Management limited to 6% of Total CDBG Project Budget]</i>			
OTHER EXPENSES (SPECIFY):	(Schedule 2)		
	(Schedule 2)		
	(Schedule 2)		
	(Schedule 2)		
TOTAL CDBG PROJECT BUDGET		145,831	

### BUDGET JUSTIFICATION

<b>BUDGET JUSTIFICATION</b>		<b>AMOUNT</b>
<b>LINE ITEM</b>	<b>CONSTRUCTION/RENOVATION</b>	
Detailed Explanation:		
PROVIDE DESCRIPTION OF CONSTRUCTION/RENOVATION ACTIVITIES, SUCH AS MATERIALS TO BE PURCHASED AND CONSTRUCTION ACTIVITIES TO BE COMPLETED, INCLUDE SQUARE FOOTAGE, LOCATION(S) AND COST OF MATERIALS AND LABOR.		143,831
		TOTAL \$ 143,831
<b>LINE ITEM</b>	<b>CONSTRUCTION MANAGEMENT</b>	<b>AMOUNT</b>
Detailed Explanation:		
PROVIDE A DESCRIPTION OF THE CONSTRUCTION MANAGEMENT SERVICES TO BE PROVIDED, INCLUDE FEE OR RATE CALCULATION.		2,000
		TOTAL \$ 2,000



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# A. APPLICATION PROCESS

## MRR Budget Review

BUDGET EXHIBIT		CDBG	Percentage
SALARIES & WAGES - PROJECT MGMT	(Schedule 2)	_____	
FRINGE BENEFITS-PROJECT MGMT	(Schedule 3)	_____	
<i>[Project mgmt PE &amp; NPE are limited to 15% of Total CDBG Project Budget]</i>			
SALARIES & WAGES-CONST/RENOV	(Schedule 4)	87,500	
FRINGE BENEFITS-CONST RENOV	(Schedule 5)	25,676	
TOTAL PERSONNEL		113,176	
PROJECT MANAGEMENT SERVICES	(Schedule 6)	20,000	13.71%
<i>[Project mgmt PE &amp; NPE are limited to 15% of Total CDBG Project Budget]</i>			
LEAD-BASED PAINT ASSESSMENT/ ABATEMENT	(Schedule 6)	_____	
CONSTRUCTION/RENOVATION	(Schedule 6)	_____	
CONSULTANT/PROFESSIONAL SERVICES	(Schedule 6)	_____	
OTHER EXPENSES (SPECIFY):			
SUPPLIES	(Schedule 6)	12,655	
_____	(Schedule 6)	_____	
_____	(Schedule 6)	_____	
_____	(Schedule 6)	_____	
TOTAL NONPERSONNEL		32,655	
TOTAL CDBG PROJECT BUDGET		145,831	





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# A. APPLICATION PROCESS

## MRR Budget Review

PERSONNEL SCHEDULE: GROSS PAY			
POSITION TITLE	GROSS PAY	PERCENT CHARGED	TOTAL SALARY & WAGES
POSITION B	75,000	50.00%	37,500.0
POSITION G	50,000	100.00%	50,000.0
			-
			-
TOTAL CDBG SALARY & WAGES			<b>87,500</b>

PERSONNEL SCHEDULE: FRINGE BENEFIT					
POSITION TITLE	FRINGE TITLE	AMT OF INSURANCE	GROSS PAY	PERCENT CHARGED	AMOUNT
POSITION B	PAYROLL TAXES	5,737.50		50.00%	2,869
POSITION G	PAYROLL TAXES	3,825.00		100.00%	3,825
					-
POSITION B	SHARP	6,000.00		50.00%	3,000
POSITION G	SHARP	5,500.00		100.00%	5,500
					-
POSITION B	PMI	690.00		50.00%	345
POSITION G	PMI	575.00		100.00%	575
					-
POSITION B	FICA		75,000	7.65%	5,738
POSITION G	FICA		50,000	7.65%	3,825
					-
					-
					-
					-
					-
					-
TOTAL CDBG FRINGE BENEFIT					<b>25,676</b>



*Development Services Department*

# MRR Budget Review

<b>BUDGET JUSTIFICATION</b>		<b>AMOUNT</b>
<b>LINE ITEM</b>	<b>PROJECT MANAGEMENT SERVICES</b>	
Detailed Explanation:		
PROVIDE A DESCRIPTION OF THE PROJECT MANAGEMENT SERVICES TO BE PROVIDED, INCLUDE FEE OR RATE CALCULATION.		20,000
		TOTAL \$      20,000
<b>LINE ITEM</b>	<b>SUPPLIES</b>	<b>AMOUNT</b>
Detailed Explanation:		
PROVIDE A SPECIFIC LIST OF SUPPLIES TO BE PURCHASED FOR DIRECT USE IN THE PROJECT.		12,655
		TOTAL \$      12,655



# A. APPLICATION PROCESS

## Results of Prior Year Projects

*If your agency received federal funds in Fiscal Year 2010, 2011, or 2012, complete one copy of this appendix for each project for each year funded. If you have more than three projects/years to report on, contact CDBG staff for additional pages.*

E.3. Year of funding:		Fiscal Year 2010		Fiscal Year 2011		Fiscal Year 2012
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E.4. Indicate the source of the federal funding awarded to the prior project:

	CDBG		HOPWA		ESG		HOME
	CDBG-R		HPRP		NSP		Other (Indicate below):

E.5. Amount awarded:		E.6. Amount spent to date:	
E.7. Amount reprogrammed to date:			



# **A. APPLICATION PROCESS**

## **Fiscally Complete Submittal**

- Audited Financial Statements and signed Tax Documents submitted by deadline.
- CDBG listed separately on Single Audit “SEFA”.
- Fund request amount(s) meets the 3 month rule calculation.
- Correct budget calculations.
- Detailed budget justifications.
- CIP: Construction Management budget line item meets the 6% cap.
- MRR: Project Management Services PE & NPE budget line items meet the 15% cap.
- Financial results of prior year project(s) is accurate.



# **A. APPLICATION PROCESS**

## **Final Review**

- **If awarded funding, the contract negotiations cannot commence until the financial documents are submitted and reviewed for 3 month cash rule and agency's fiscal stability.**
- **All Financial Statements and signed Taxes MUST be submitted by 5/15/2013. If documents are not received by the deadline, the allocation reserved for the project will be assigned to another project.**
- **No exceptions will be made.**



## **B. CONTRACT/RFR PROCESS**

### **Contract**

Application budget sections will be used in the contract budget process.

### **RFR: Request For Reimbursement**

Claims will be reviewed in accordance to the contract budget and justifications.

**NOTE: if chosen for funding, mandatory workshops will be held for Contract and RFR process.**



## C. MONITORING PROCESS

- Fiscal Monitoring IS REQUIRED by entitlement grantees.
  - Once - Every two years.
  - Playing by the Rules Handbook for CDBG Subrecipients is the basis for review.  
[http://portal.hud.gov/hudportal/documents/huddoc?id=DOC\\_17104.pdf](http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_17104.pdf)
  - Concentrate on Chapter 2 Financial Management.
- The visit will also include, review of the following:
  - Requests For Reimbursement (RFR).
  - Cost allocation plan (Contract Process).
  - Spending pattern, timeliness of submission, and other contractual requirements.



## **D. TECHNICAL ASSISTANCE**

- FY 2014 Application Technical Assistance:
  - One-on-one technical assistance is available by appointment only from 10/23/2012 to 11/07/2012.
    - Must attend mandatory workshop prior to scheduling appointment.
    - Must specify the agency's needs to ensure appropriate staff is available.
      - Example: Discuss financial documents.
- After funding award, all fiscal technical assistance requests should be coordinated through the CDBG fiscal unit.
- **Application submission deadline:**  
**Nov. 14, 2012 at 5:00 PM.**